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Abstract

Supporters of sports stadium construction often defend taxpayer subsidies for stadiums by suggesting that sports infrastructure can serve as an anchor for local economic redevelopment. Have such promises of economic rejuvenation been realized? The City of Chicago provides an interesting case study on how a new stadium, U. S. Cellular Field, has been integrated into its southside neighborhood in a way that may well have limited local economic activity. This economic outcome stands in stark contrast to Wrigley Field in northern Chicago which continues to experience a synergistic commercial relationship with its neighborhood.

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Introduction

The past 15 years have witnessed an unprecedented boom in stadium construction. By 2006, 89 of the 120 major league teams in the “Big Four” North American sports, football, baseball, basketball, and hockey, played in facilities built or significantly refurbished since 1990. These stadiums and arenas were constructed at a cost of more than \$17 billion of which roughly \$12 billion was provided by public sources (Matheson, 2006). The stadium building boom is not a uniquely American phenomenon. Germany spent over 1.4 billion euros building or rehabilitating 12 stadiums for the 2006 FIFA World Cup. At least 35% of this sum was provided by local, state, and federal taxpayers (FIFA, 2006).

Most economists have been critical of public funding of sports facilities. Numerous academic studies of stadiums and arenas, professional franchises, and major sporting events such as the World Cup, Olympics, and championship or All-Star games have uniformly found little or no gains in income, employment, or tax revenues as a result of professional sports. (See Siegfried and Zimbalist (2000) for an overview of such research). These economists speculate that spending on sports merely substitutes for other expenditures that would have occurred in the economy in the absence of sports. It is asserted, furthermore, that the crowds and congestion that accompany big games serves to displace non-sports activity. Finally, money spent at sporting events is less likely than other sorts of spending to remain and recirculate in the local economy (Matheson, 2006). Professional sports franchises, therefore, may enhance the quality of life in a host community without exerting a measurable impact on the economy. Teams may represent

a nice cultural amenity for a city, but the direct economic benefits from professional teams do not seem to justify large taxpayer subsidies.

On the other hand, supporters of stadium construction suggest that professional sports franchises promote economic development even if the teams themselves do not directly provide many jobs or increased tax revenues to host communities. It has become increasingly common for sports boosters to defend taxpayer subsidies for stadiums by stating that sports infrastructure can play an important role in the recovery of blighted areas by serving as an anchor for local economic redevelopment. Stadiums, it is said, promote the establishment of ancillary business such as bars, restaurants, and retail shops that capitalize on the crowds that arrive on game days. The economic studies apparently overlook these important neighborhood effects. The purpose of this report is to assess how and to what economic effect the location of a modern sports stadium in a neighborhood has had on host cities in the United States. The spatial implications are not trivial and have served in many instances to impede neighborhood development rather than promote it.

A Brief History of Integrating Stadiums into Cities in the United States

Earlier in the twentieth century, stadiums were woven into dense urban fabrics. Rather than the stadium defining and shaping an area the stadium was viewed as subordinate to a larger urban design and function. The existing urban grid established the shape and location of many urban ballparks. The Baker Bowl, for example, home to Major League Baseball's (MLB) Philadelphia Phillies until 1938, was also known as the

“Hump” because it was built on an elevated piece of ground to accommodate a railroad tunnel running under center field.

Professional sports in the United States have been undergoing an economic revolution inspired by a confluence of circumstances both inside and outside the industry. These changes have affected both the supply and demand for professional sports, which, in turn, have had implications for where and how professional sporting events are packaged and presented. Nowhere are these changes more apparent than in the design and location of stadiums and arenas, and two developments in that regard should be noted. First, financial imperatives have worked to all but eliminate the multipurpose, circular stadiums built several decades ago in cities such as Cincinnati, Pittsburgh, and Philadelphia to host both football and baseball. More stadiums and arenas now exist in cities in the United States as a consequence.

Second, the pursuit of greater profit by individual teams has reversed the trend toward locating sports facilities in suburban areas where relatively cheap real estate made large tracts of land for parking for automobiles economically feasible. Stadiums and arenas have been migrating back to the cities with promises of fan spending spilling over into the commercial corridors of the neighborhoods through which fans flow to reach transportation centers or remote parking. Cities have used this promise of increased commercial activity to persuade fans to lend financial support to an aggressive city strategy to remake their centers into cultural and entertainment destinations. Cleveland, for example, has developed the Gateway complex, which includes both Jacobs Field for MLB and the Gund Arena for the National Basketball Association, to lure people back to its downtown. Atlanta, Baltimore, Denver, Indianapolis, Minneapolis, and Nashville, to

name a few other cities, have opted for placing stadiums in or near the central business district in an effort to revitalize their cores.

Have the city promises of economic rejuvenation been realized? While some cities have realized a benefit, in other cases economic development has been retarded by the new playing facility. The City of Chicago provides an interesting case study on how a new stadium, U. S. Cellular Field (the new home of the MLB Chicago White Sox), has been integrated into its southside neighborhood in a way that may well have limited economic activity within that neighborhood. This economic outcome stands in stark contrast to Wrigley Field on the north side of Chicago which continues to experience a synergistic commercial relationship with its neighborhood.

Chicago: A Tale of Two Stadiums

Chicago is the home to two MLB teams, the White Sox and the Cubs. Both teams have been in existence for over 100 years, and each has strong ties to the Chicago community along with legions of die-hard fans. Until the White Sox won MLB's championship in 2005, the White Sox and Cubs had also shared a common bond of futility in the post-season with neither team having won the World Series since the 1910s.

The similarities end when one arrives at each team's respective stadium, however. Wrigley Field is a shining example of how a sports facility can integrate itself within a local neighborhood and provide positive economic spillovers to the nearby community. U.S. Cellular Field, on the other hand, provides the classic case of the sports stadium as a "walled fortress" that internalizes all economic activity in order to maximize revenues for the franchise at the expense of local economic development. Unfortunately for the

proponents of sports-based development, the White Sox model is the path that is most often followed by team owners desiring new stadiums to replace aging or economically obsolete facilities, and the features that make Wrigley Field such a good fit for the local community are unlikely to be replicated at other stadiums.

Wrigley Field was built in 1914 on Chicago's north side, and is, along with Fenway Park in Boston, one of the two oldest remaining stadiums in MLB. As can be seen in the aerial photographs of the area, Figure 1, the stadium is nestled into a neighborhood that is densely populated with restaurants and bars, retail shops, and residential housing. Wrigley is famous for the apartments bordering the stadium from which the occupants can look down into the stadium and watch games as they are played. Many of these buildings, in fact, actually sell tickets to non-resident customers for rooftop viewing.

Wrigley predated the automotive culture and the exercise of monopoly muscle by professional sports leagues in the United States, and almost no large parking lots are within easy walking distance of the stadium as a consequence. Fans either arrive by mass transportation or park on neighborhood streets. Local residents also do a brisk business selling spots in garages down back alleys.

The footprint of the stadium itself is also rather small. While Wrigley Field seats nearly as many fans as U.S. Cellular, its concourses and walkways (as well as its restroom facilities) are much smaller than those at the newly constructed U.S. Cellular Field. The smaller concourses significantly limit the variety and the number of vendors selling merchandise and food at Wrigley Field translating into lower revenues for the

Cubs' owners. The White Sox generate approximately 35% more in non-ticket revenue per fan in attendance than the Cubs.

FIGURE 1: Aerial Photograph of Wrigley Field and Its Neighborhood



Note: Restaurants, bars, coffee shops, and hotels are marked by corresponding symbols.

An aerial photo of U.S. Cellular, Figure 2, presents a completely different picture. Built in 1991, the stadium itself is much larger than Wrigley Field. Modern sports teams rely much more on the sale of concessions and other paraphernalia for revenue than teams back in the day when Wrigley Field was constructed. Therefore, most modern stadiums like U.S. Cellular are designed to bring as much fan spending inside the stadium

walls as possible. Of course, with expansive shopping, eating, and drinking options available within the stadium, fewer entrepreneurs have an incentive to locate businesses outside the stadium in order to cater to White Sox fans.

FIGURE 2: Aerial Photograph of U.S. Cellular Field and Its Neighborhood



Note: Neighborhood restaurants, bars, coffee shops, and hotels (or lack thereof) are marked with corresponding symbols.

The other striking difference between Wrigley and U.S. Cellular is, of course, the availability of onsite parking around the White Sox' stadium. Massive parking lots surround U.S. Cellular Field on the south, west, and north while the stadium is bounded

on the east by a major interstate highway. Like supplying expansive concessions services, supplying adequate parking also serves to increase the revenues of the team at the expense of local businesses. Because of the size of the parking lots, fans are dissuaded from walking to local bars and restaurants either before or after the game simply due to the physical distances involved.

One final unique quality differentiates Wrigley Field and the Cubs from the White Sox and, indeed, the rest of Major League Baseball. Most MLB teams play 5 to 6 games per week during the season including 3 or 4 weekday games. In order to accommodate the schedules of their fans, the vast majority of these weekday games are played at night. For example, in 2006 the White Sox, a typical team in MLB, play 81 home games of which only 26 are day games that start before 3:30 in the afternoon. On the other hand, the Cubs were the last team in the Major Leagues to add lights to their stadium, and they still continue to minimize the number of night games they host, playing 52 of their 81 games during the day in 2006.

Playing day games encourages the creation of local establishments in the neighborhood of Wrigley Field for several reasons. First, since baseball games usually last around 3 hours, during night games fans leave stadiums late at night limiting their interest in visiting local eating and drinking establishments (or at least limiting the amount of time they can patronize a bar). On the other hand, afternoon games discharge fans in the late afternoon or early evening leading to a huge flow of patrons towards neighborhood bars and restaurants.

Second, afternoon games allow the team to share the area with neighboring business without crowding out other activity. The congestion associated with 40,000

baseball fans will tend crowd out other economic activity around a baseball stadium during home games. It is therefore difficult for restaurants or theaters in the neighborhood of a stadium to attract non-sports fans during games. Since these types of businesses tend to attract customers at night, sharing a neighborhood with a sports team that plays 50 or 60 night games per year, like the White Sox, frequently makes attracting patrons very difficult. The Cubs crowd out local business through night games only half as often as a typical MLB team.

Finally, playing games during the day allows fans to park on local streets and in personal garages while local residents are at work rather than necessitating the creation of large parking lots that detract from the creation of local businesses.

The neighborhood contrast between Wrigley and U.S. Cellular Field as it relates to economic development has broader application, and points, once again, to the influence of the automobile and the growing appetite for revenue made possible, at least in part, by the exercise of monopoly power by sports leagues in the United States. The contrast between Fenway Park's neighborhood and that of stadium neighborhoods in Cleveland and Seattle provides additional evidence of these realities.

Fenway Park and Stadium Neighborhoods in Cleveland and Seattle

Yawkey Way in Boston, the "street" that borders Fenway Park on the west, teems with pedestrian traffic on game day. Yawkey Way exemplifies the synergistic relationship between stadium and neighborhood in the same way that Waveland Avenue and Wrigley Field do in Chicago. Fenway Park, like Wrigley, was fit into the existing urban grid rather than redefining it. The neighborhood surrounding Fenway Park has

been a participant rather than spectator to commercial activity induced by the MLB Red Sox. This commercial tradition has undergone modifications along with the stadium, but the essential commercial relationships have remained intact.

Newly constructed stadiums in the United States in recent times often have redefined the neighborhood in ways that would promote team commercial interests at the expense of the neighborhood. U.S. Cellular Field provides one example but is hardly unique. New stadiums have been constructed with the team's bottom line in mind, and the neighborhood's participation in economics, it is fair to say, are subservient to that aim. The parking-lot borders for U.S. Cellular Field represent not only an additional source of revenue for the White Sox, but they also provide a defense against what many perceive as a lack of safety in the area. Fans have been provided safe, convenient parking but an asphalt moat now exists that effectively separates the neighborhood and the ballpark.

New stadiums either through accident or design have appropriated revenues that in older stadiums were claimed by the neighborhood. The expanded food and drink options within the new stadium walls serve to diminish the importance of neighborhood restaurants and bars. The same can be said of the impact of "stadium stores" that sell team paraphernalia. There is no need to shop for a cap or pennant in the neighborhood when those items more conveniently can be purchased within the stadium's walls. While it may not be the intention of the team to take business away from the community, the functioning of the new generation of stadiums does exactly that.

There are examples of how the team's commercial intent toward the neighborhood is not so benign. There are laws, for example, that prohibit the sale of

souvenirs by vendors not associated with the team within a certain number of feet of stadiums in Cleveland, Ohio. Similarly the sale of “official” team paraphernalia without the explicit consent of the team is not allowed in many, if not all cities, in the United States. Explicit consent, of course, can be purchased, and the vendors then become partners in the team’s commercial enterprise.

It should also be noted that sports does not enjoy a synergistic relationship with many other industries, and one key identified by many economists to urban growth, industry clustering, is impaired by the presence of sports. This outcome occurs in part due to the temporal-intensive nature of the sports industry. Sports events are occasional and seasonal, and stadium dead time is the standard. Game day, however, involves intensive use of public infrastructure by throngs of fans, which serves to crowd out other commercial activity during that time. The commercial interests that remain in the stadium neighborhood are those that are most compatible with sports, but parking and drinking establishments hardly constitute the backbone of a vibrant, growing urban economy. The economy of the neighborhood may actually be diminished to the extent that economic activity most compatible with the stadium replaces higher-growth, non-seasonal activity.

A survey of the commercial activity in Pioneer Square in Seattle as a consequence of the Kingdome (now replaced by two newer stadiums) being located there provides several important lessons with regard to the economic impact of stadiums on host neighborhoods. First, bars that had a sports theme and a location adjacent to the stadium derived substantial benefits. Sports bars/restaurants adjacent to the stadium reported as much as 1,700 percent in revenues on game days (Baade, 2000).

Second, the increase in the bar/restaurant business generally was inversely related to the establishment's distance from the stadiums. Unless the bar had a particularly compelling sports identity, three or four blocks walking distance from a stadium was sufficient to eliminate most of the positive economic impact. Proximity, however, is no guarantee of success. If the bar/restaurant was not on a main pedestrian thoroughfare, the impact was muted. For example, one restaurant less than two blocks away from the stadium, but removed from the constellation of bars frequented by fans after a game, attempted to build a clientele through sports promotions with no success and changed ownership four times in a couple of years due to a lack of business.

Third, the success of the sports bars/restaurants is highly sensitive to the success of the teams. Not only does a winning team attract more fans to the stadium, but apparently fans supporting mediocre or losing teams are in no mood to celebrate. Several sports bars that gushed about the positive impact of the Mariners and Seahawks sounded a much more sober note in describing the impact of the teams in years in which they did not compete for a championship.

Other businesses did not share the enthusiasm or the success of the sports bar entrepreneurs for the stadiums and its teams. Ethnic restaurants, art galleries, professional services, legal services, and most retail outlets reported a decline in their business. Some professional service establishments, including law offices, have considered changing their location because of the difficulties they encounter meeting clients on game days. The culprit cited by all firms adversely affected by the Kingdome was inadequate parking (Baade, 2000).

Conclusions and Policy Implications

Public subsidies for new sports stadiums in the United States have been justified on the grounds that they induce economic activity in their host neighborhoods. This article questions that proposition.

The type of economic development induced by stadiums may not be in the best economic interests of the neighborhood. Stadiums both old and new enhance to some degree bar/restaurant commercial activity. Modern stadiums, furthermore, are dependent on vehicular traffic, and the parking lots necessary to accommodate the heavy traffic flows on the occasional game day, may diminish the prospects for neighborhood economic development through crowding out commercial activities that compete for scarce public space in the form of sidewalks, streets, and parking lots.

Finally, while teams ballyhoo the potential that a new sports facility for raising the economic profile of neighborhoods, the new generation of stadiums either through accident or design may actually diminish neighborhood economic activity through offering within their walls goods and services that compete with those offered by businesses in the stadium's environs.

Chicago's two professional baseball teams provide a compelling example of how new stadiums in serving the financial interests of their teams potentially dim the economic prospects for host communities.

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